

## Message Text

UNCLASSIFIED

PAGE 01 JIDDA 01518 010845Z

45

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W  
----- 068795

R 010815Z MAR 76  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC 3881  
USDOC WASHDC

UNCLAS JIDDA 1518

E.O. 11652: N/A

TAGS: BEXP, EFIN, PFOR, ETRD

SUBJECT: U.S. FIRM GULF & WESTERN, ADVANCED DEVELOPMENT AND  
ENGINEERING, SWARTHMORE, PA.

REF STATE 47988, JIDDA 982

1. EMBASSY CONTACTED SAMI FAYEZ OF NADCO WHO FAILS TO UNDERSTAND POSITION OF G&W ESPECIALLY AFTER BANK IN U.S. CONFIRMED LETTER OF CREDIT. SAUDI FIRM STILL BELIEVES THAT WORDING L/C NOT CONTRARY TO SECTION 3(5) OF U.S. EXPORT ACT SINCE IT MADE NO BOYCOTT REQUEST TO U.S. FIRM.

2. ALSO STATES THAT SINCE PURCHASE IS FOB INSURANCE CLAUSE DOES NOT APPLY. IN ANY CASE FIRM STATES IT CANNOT CHANGE SAUDI BANKING AND IMPORT REGULATIONS.

3. FAYEZ STATES HE HAD TELECON WITH U.S. FIRM OUTLINING PLAN TO USE SEPARATE U.S. FIRM TO DO SHIPPING OF GOODS AS INTERMEDIARY AND TO WHICH L/C WILL BE TRANSFERRED. OTHER U.S. CONTACT UNNAMED. FAYEZ STATED, HOWEVER, THAT COST OF TRANSACTION WILL ACCRUE TO GULF AND WESTERN SINCE IT INITIATED PROBLEM. HE STATED THAT DURING TELECON WITH G&W LATTER WANTED TO KNOW EXTENT OF ADDED COST WHICH HE CANNOT NOW ESTIMATE.

4. FAYEZ SPOKE WITHOUT ANY ACRIMONY TOWARDS GULF  
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AND WESTERN AND SHARES ITS HOPE THAT SITUATION WILL

NOT AFFECT FUTURE RELATIONSHIPS ESPECIALLY IN VIEW  
PROSPECTS FOR MUCH GREATER SALES IN SAUDI ARABIA.

5. FAYEX HOPES THAT USDOC (JACKSON HEARN) WILL  
CLARIFY LEGAL INTERPRETATION FOR U.S. FIRM. SAUDI  
FIRM AT LOSS TO UNDERSTAND HOW U.S. FIRM CAN  
JEOPARDIZE SALE BY NARROW INTERPRETATION OF REGU-  
LATION. HOWEVER, INSISTS THAT SALES CONTRACT  
STILL VALID AND U.S. FIRM WILL HAVE TO PAY FOR ITS  
STANCE BY ABSORBING COST OF ALTERNATIVE STEP WHICH  
IS NOT OF NADCO'S CHOOSING.  
HORAN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, CONTRACTS, EXPORT CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**TAGS:** BEXP, EFIN, PFOR, ETRD, SA, GULF & WESTERN, (FAYEZ, SAMI)  
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